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Friday 18 November 1977 CG NIDC 77/268C

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NATIONAL SECURITY INFORMATION
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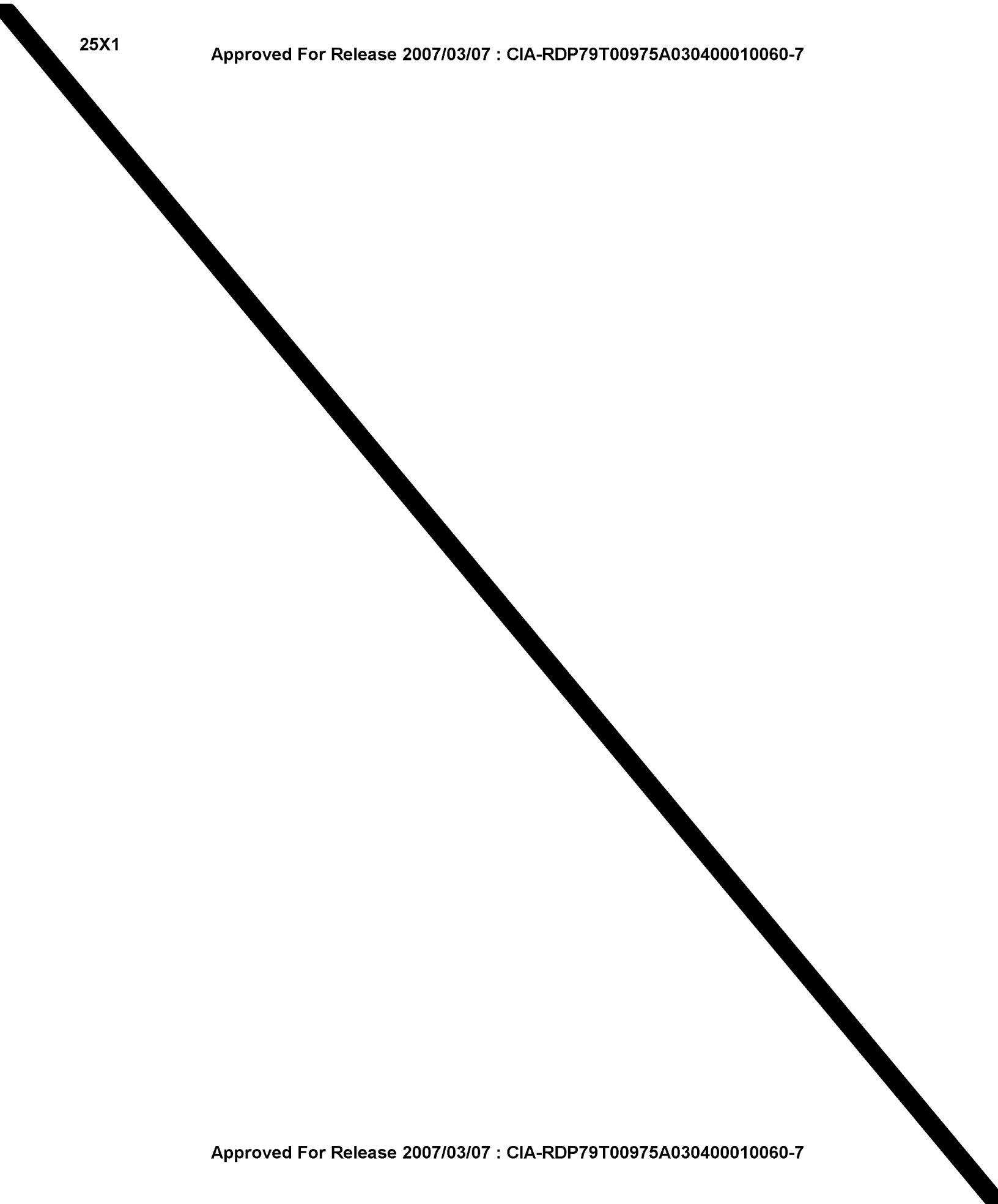

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National Intelligence Daily Cable for Friday, 18 November 1977.

[redacted] The NID Cable is for the purpose of informing senior US officials.

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ISRAEL: Euphoria and Suspicion

25X1 *President Sadat's impending visit has generated euphoria in Israel, reflecting a deep desire for both peace and Arab acceptance. By breaking the Arab taboo to meet Israeli leaders in Jerusalem, the Egyptian President has enhanced--however tenuously--his credibility and has put a dent in the deep-seated Israeli distrust of the Arabs. In Egypt, reaction is shifting from enthusiasm to apprehension that Sadat may have conceded too much to Israel.*

25X1 Israeli satisfaction is heavily tempered by suspicion of Sadat's motives and intentions, especially in official circles, and by the fear that Sadat may make Israel appear to be uncompromising unless Prime Minister Begin can demonstrate more flexibility.

25X1 Begin is a shrewd, skillful politician with deep ideological and religious convictions who does not compromise easily. But he is also a deeply emotional man sincerely committed in his own way to peace, and with a flare--like Sadat--for the bold and unexpected move.

25X1 Both men have expressed a desire to achieve a genuine resolution of the Arab-Israeli conflict in their lifetimes, and the sense that their time may be growing short may have an effect on their exchange. In this unprecedented situation, which is developing a dynamic of its own, we cannot rule out the possibility that the two leaders may depart dramatically from their conventional positions.

25X1 The reaction in Egypt has begun to shift from enthusiasm to apprehension. Many sophisticated Egyptians believe that Sadat has conceded too much to Israel and fear that the trip will, in effect, endorse Israel's current borders and Jerusalem as its capital. There apparently is also considerable skepticism about Sadat's justification for the visit, with many believing that Sadat is acting more on behalf of the US--and perhaps at its direction.

25X1 Foreign Minister Fahmi's protest resignation yesterday--followed hours later by the resignation of his designated successor, Minister of State Muhammad Riyad--has added to public concern. Fahmi for some time has been critical of Sadat's

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handling of relations with the US and the USSR and has been especially concerned that Sadat has relied too heavily on the US in arranging peace talks.

25X1 The resignations of Fahmi and Riyad will be widely interpreted as a sign that the Egyptian foreign policy establishment strongly opposes Sadat's decision and that his visit will help the US but may seriously hurt Egypt. No other cabinet members of Fahmi's stature have shown any signs of preparing to desert Sadat, but some have previously sympathized with Fahmi's views and may be considering their options should Sadat's gambit fail.

25X1 Sadat has given no indication of being deterred either by the resignations or by the uneasiness of his colleagues, nor has he tried to allay fears by defending his motives.

25X1 The Egyptian President probably scheduled the visit as soon as he did in the hope of handicapping any efforts to organize a forceful opposition to his initiative.

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SYRIA-EGYPT: Asad's Reaction

25X1 *President Asad indicated deep distaste for President Sadat's actions yesterday in both a news conference and an official government statement. Although Asad did not say directly that he might opt out of Geneva, he did seem to be warning that this is possible.*

25X1 Asad has seen his continued participation in preparations for Geneva as the only way to prevent Sadat from moving ahead alone. If he comes to believe that Sadat ultimately intends to make a separate deal, Asad may conclude that there is little utility for Syria in going to Geneva.

25X1 Asad's opposition to Sadat's decision is consistent with his cautious approach to negotiations. This is based on his perception that Israel is not prepared to make adequate

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concessions and on his concern to avoid a failure that his domestic opponents could use against him. By standing for Arab solidarity and protecting his flank with the Palestinians, Asad has preserved a tactical flexibility that enables him to avoid the kind of risk Sadat is now taking while retaining the ability to respond to any major concessions Israel might make in the future.

25X1 [redacted] Should the Sadat visit somehow restore momentum toward Geneva in a manner acceptable to Saudi Arabia, Jordan, and perhaps even the Palestinian moderates, Asad would be under strong pressure to endorse Sadat's achievement. Should the visit prove a failure, however, the Syrian President would be in a position to obtain the support of the conservative as well as the radical Arab states. [redacted]

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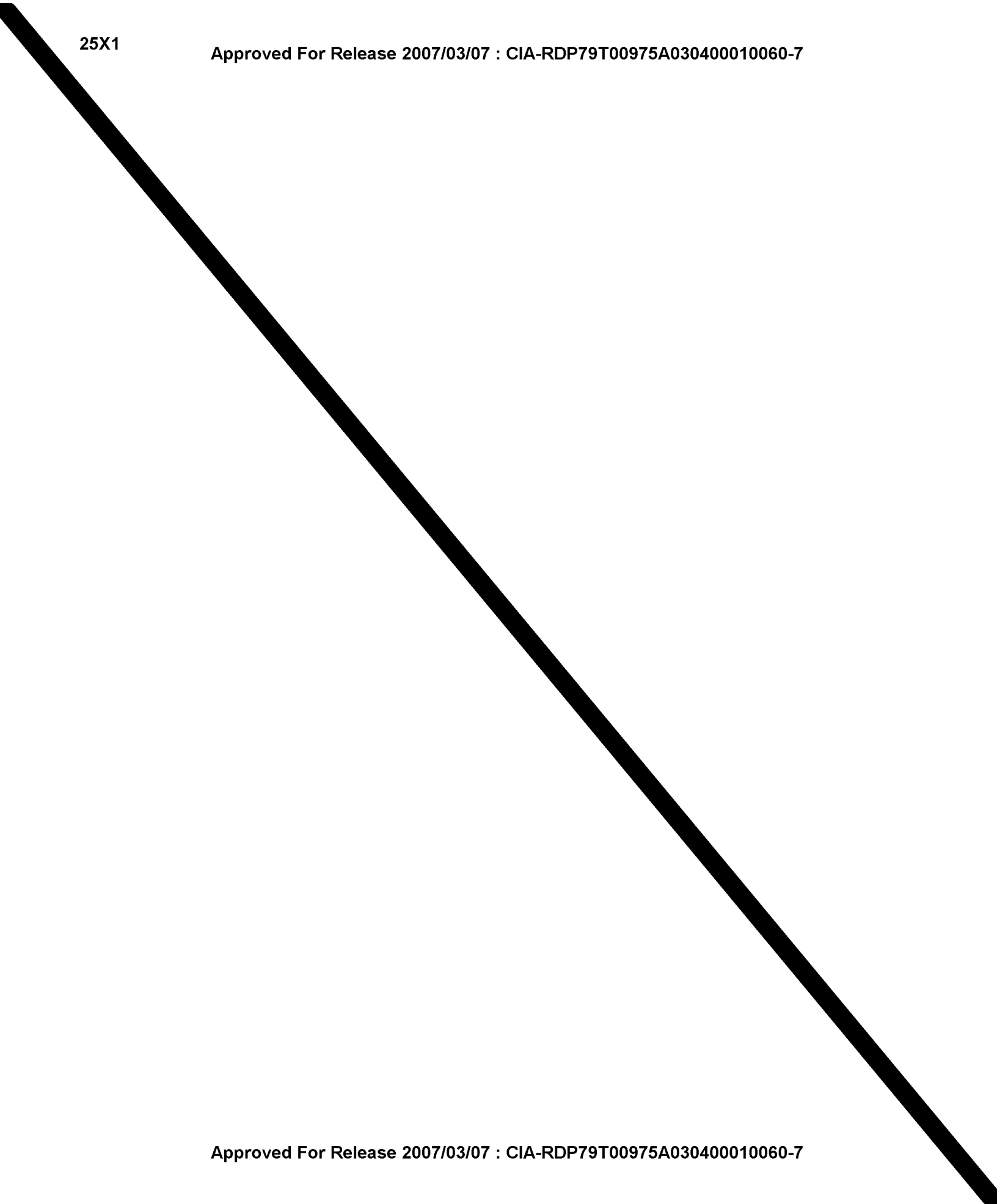

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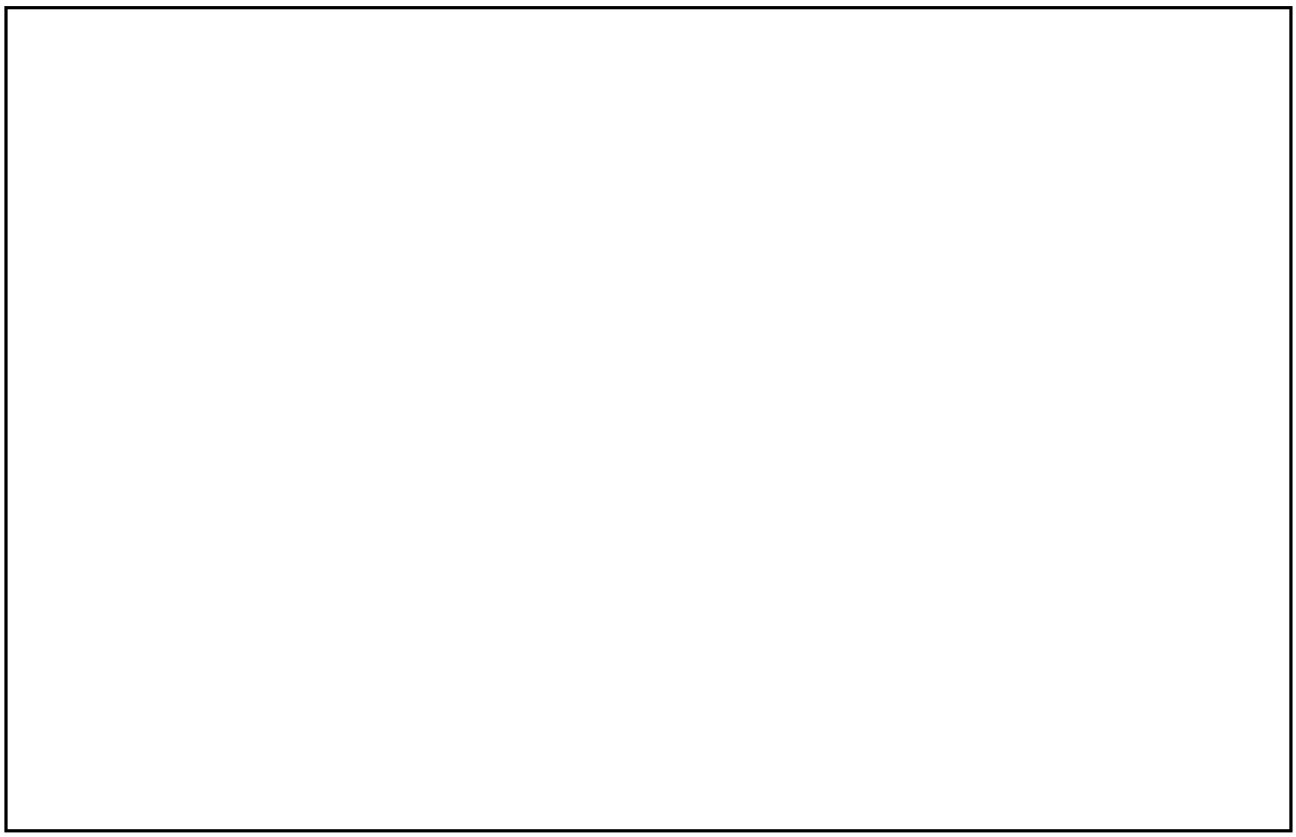

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USSR-SOMALIA: Naval Options

25X1 [redacted] *//The USSR's loss of the naval complex at Berbera will complicate Soviet naval operations in the Indian Ocean, but the Soviets will probably be able to maintain about the same level of ship operations as in the past. Soviet air reconnaissance activity in the area will be severely curtailed, however, unless suitable airfields are found elsewhere. Politically, the Soviets stand to suffer a loss of face in Africa and the Middle East but may consolidate their position in Ethiopia, which--if it remains intact--is potentially the major power in the Horn of Africa.//*

25X1 [redacted] //The loss of Berbera is unlikely to upset the December round of US-Soviet Indian Ocean talks because that round will probably reamin focused on restricting US strategic options in the area. In subsequent talks addressing military

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reductions, the issue of facilities will become more important, however, particularly if the Soviets have not found a replacement for Berbera.//

25X1 //The USSR will probably try to replace the facilities it used at Berbera and recoup some of its political losses. During the September round of the US-Soviet Indian Ocean talks, the Soviets reserved the option to replace Berbera should they lose it. Their options are limited, however.//

25X1 //South Yemen was again considering an agreement that would allow the USSR unrestricted use of the port facilities at Aden. The natural harbor and fuel storage area in Aden are at least as good as those at Berbera, and the installation of a floating drydock purchased from Japan enables it to handle ships of destroyer size. An airfield in Aden is capable of handling Soviet IL-38 antisubmarine warfare aircraft, but it is not large enough to handle the longer range TU-95 reconnaissance aircraft.// 25X1

25X1 //The Saudis would not look with favor on a Soviet base in neighboring South Yemen. Other alternatives have either geographic or political drawbacks for the Soviets.//

25X1 // Djibouti, for example, is a suitable port in a favorable location, but the lingering French presence and Somali influence would prevent extensive Soviet use for the immediate future. 25X1

Both Ethiopia's best port, Massawa, and the smaller port of Assab are in war-torn Eritrea, and Assab lacks adequate facilities for Soviet naval operations.//

25X1 //In some ways, Somalia's ejection of the Soviets from Berbera has simplified Soviet policy. The USSR is now free to support Ethiopia and back the Organization of African Unity, which has taken a stand against Somalia. The Soviets stated in August that they supported the Ethiopians and the OAU principle of territorial integrity; most African nations, however, greeted the USSR's statement with skepticism.//

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25X1 //As the largest and most populous country in the area, Ethiopia--if it remains intact--has the potential to become the major power in the region. Moscow may also be able to improve its relations with Kenya, which had feared the Soviet-backed threat from Somalia.//

25X1 //We believe the Soviets were aware of the risks involved in trying to accommodate two hostile clients but opted to tilt in favor of Ethiopia because they believed Somalia's military dependence on the USSR would keep President Siad in line. The Soviets were certainly surprised by the timing and scope of the Somali decision. They still have a diplomatic presence in Mogadiscio, however, and have probably not given up hope that future Somali reverses will weaken President Siad and open the way for a restoration of some Soviet influence. 25X1

GUINEA: US and USSR Relations

25X1 *The USSR is making some effort to ease strains in relations with Guinea following President Toure's decision in June to deny Soviet TU-95 naval reconnaissance aircraft the use of Conakry airfield.*

25X1 Longstanding frictions in Guinean-Soviet relations were a factor in Toure's decision to halt the Soviet flights and to move at the same time to expand relations with the US and the West generally. Guinean-US relations are now in a warming phase as Toure cautiously seeks to reduce some of Guinea's dependence on the USSR and to project a more flexible and nonaligned image. Problems could ensue, however, given Toure's radical ideological tenets and his volatile temperment.

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25X1 During ceremonies in Conakry marking the 60th anniversary of the Bolshevik Revolution, the Soviet Ambassador announced a gift of 3,500 tons of agricultural commodities--the

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first such grant in many years to Guinea, which is chronically short of food. France undertook a food program last year, and the European Community has now begun one, but the US remains Guinea's major food supplier.

25X1 Toure's wish to improve relations with the US is motivated in part by his desire to ensure continued US food supplies and other aid. He also seems to recognize that Guinea's future economic development depends on attracting more Western investment; Guinea is keenly interested in the development of its
25X1 large iron ore reserves by a US steel company.

SOUTH YEMEN - SAUDI ARABIA

25X1 *//Recent militant gestures by South Yemen have caused Saudi officials to reassess their policy of normalizing relations with that country. South Yemen's actions suggest that it will not significantly moderate its policies in the short term and will continue to maintain close ties to the USSR and other Communist countries.//*

25X1 //Saudi officials in recent months have watched with dismay as South Yemen's support for the Ethiopian Government has become increasingly evident. The amount of Soviet military equipment sent from South Yemen to Ethiopia has been limited, but some 100 to 200 South Yemeni military advisers are providing logistic support for the Ethiopian military. This activity has put South Yemen squarely at odds with the Saudis and other Arab moderates who have lined up with Somalia and the Eritrean separatists.//

25X1 //While speaking to the UN General Assembly in early October, South Yemeni President Salim Rubayya Ali took a hard line against Oman, thereby undercutting Saudi efforts to arrange a reconciliation between the two neighbors. In late October, moreover, the South Yemenis touched a sensitive Saudi nerve when their state-controlled media replayed a Soviet news story alleging Saudi involvement in the assassination of North Yemeni President Hamdi.//

25X1 //Most Saudi officials now appear convinced that their attempts to persuade South Yemen to follow a more moderate line have failed.//

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25X1 //For the present, the Saudis are likely to hold in abeyance aid deliveries or commitments. If further developments offer additional proof of continued South Yemeni insincerity, the Saudis may again support efforts by South Yemeni exiles to bring down the South Yemeni regime. The Saudis will in particular watch for signs that the USSR is transferring advisers previously stationed in Somalia to South Yemen.//

25X1 //South Yemen's recent actions suggest at a minimum that radicals continue to wield significant influence over Aden's policies. They can also be interpreted as evidence that South Yemen's professed interest in normalizing relations with its Arab neighbors was merely a ploy designed to attract badly needed economic assistance.//

25X1 //Whatever the rationale, South Yemen now appears likely to maintain its current close relationship with the USSR, Cuba, and other Communist states and to continue to support terrorist groups such as the Popular Front for the Liberation of Palestine. 25X1

IRAN: Student Demonstrations

25X1 *Student disorders in Iran this week, apparently coordinated with demonstrations in Washington against the Shah's visit to the US, may prompt the Shah to consider tough new measures to suppress student dissent. The clashes in Tehran, in which two police officers were reportedly killed, may also move the Shah to re-examine his policy of political liberalization, which is intended, in part, to refurbish Iran's human rights image.*

25X1 The shooting of police officers during a student demonstration Tuesday is unprecedented and suggests possible involvement of Iranian terrorists seeking to stir up further violence. Student agitators do not normally carry weapons out of fear of being arrested on charges of terrorism.

25X1 The incidents may trigger further disorders, particularly if police seek retaliation or resort to tougher measures in dealing with any future student protests. Student disorders are nothing new in Iran, particularly in November, when students seek to commemorate the 1953 military intervention at Tehran

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University. This year, the Shah's visit to the US gave student extremists a chance to exploit a familiar theme--the Shah's al-alleged subservience to the US.

25X1 Student unrest could become a more serious problem this year if conservative Muslim agitators, who staged a number of incidents last month, give support to demonstrations by radical dissidents. Fundamentalist Muslim students, at odds with the Shah for his secularization of national life, have been agitating for a return to the traditional Muslim practice of segrating women on campus. 25X1

UNITED KINGDOM: Devolution Vote

25X1 *//British Prime Minister Callaghan and his government have benefited politically from Parliament's vote of cloture on debate on home rule for Scotland and Wales. Belying earlier predictions of very close contests and possible defeat of the government, the vote produced a more than comfortable majority to limit debate on the bills. Coming on the heels of strong popular backing for Callaghan's tough stance on union demands, support for the regional devolution bills--a major part of the government's legislative package--greatly strengthens Callaghan's hand in scheduling a new election. The cloture vote makes final passage virtually certain. Barring unforeseen difficulties and delaying tactics in the House of Lords, devolution should become reality early in 1979.//*

25X1 //Home rule will come about mainly on government terms and be limited to carefully defined areas. London will retain control over foreign affairs, taxation, and revenues from North Sea oil. The government's success is prompting serious consideration of limited devolution for Northern Ireland as a way to mitigate London's difficulties there.//

25X1 //Careful wooing by the government of its Liberal allies, pressure on rebellious Labor members of Parliament, and support from Scottish and Welsh Nationalists, Irish independents, and a scattering of Tories, successfully produced a coalition that reversed the rejection of similar bills in the previous Parliamentary session.//

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25X1 //Defeat of the measures would have greatly enhanced the strength of Welsh and Scottish Nationalists, whose ultimate goal is complete independence, while seriously jeopardizing Welsh and Scottish seats held by Labor.//

25X1 //Conservative inability to defeat the measures by capitalizing on back-bench Labor discontent is a further example of how the increasingly stable and confident Labor government is preempting and outmaneuvering the Tories on most major issues. Conservative fortunes, which looked bright only two months ago, have been on the decline ever since. Aside from the devolution issue, the Tories have been forced privately to applaud the Labor government's stand on wage demands and seems unwilling to take strong issue with Callaghan's increasingly pronounced stance of only grudging cooperation within the EC.//

25X1 // Unless the Conservative leadership is able to turn these issues to the party's advantage during the next six months, the government's position may be unassailable in elections likely to be held next year.

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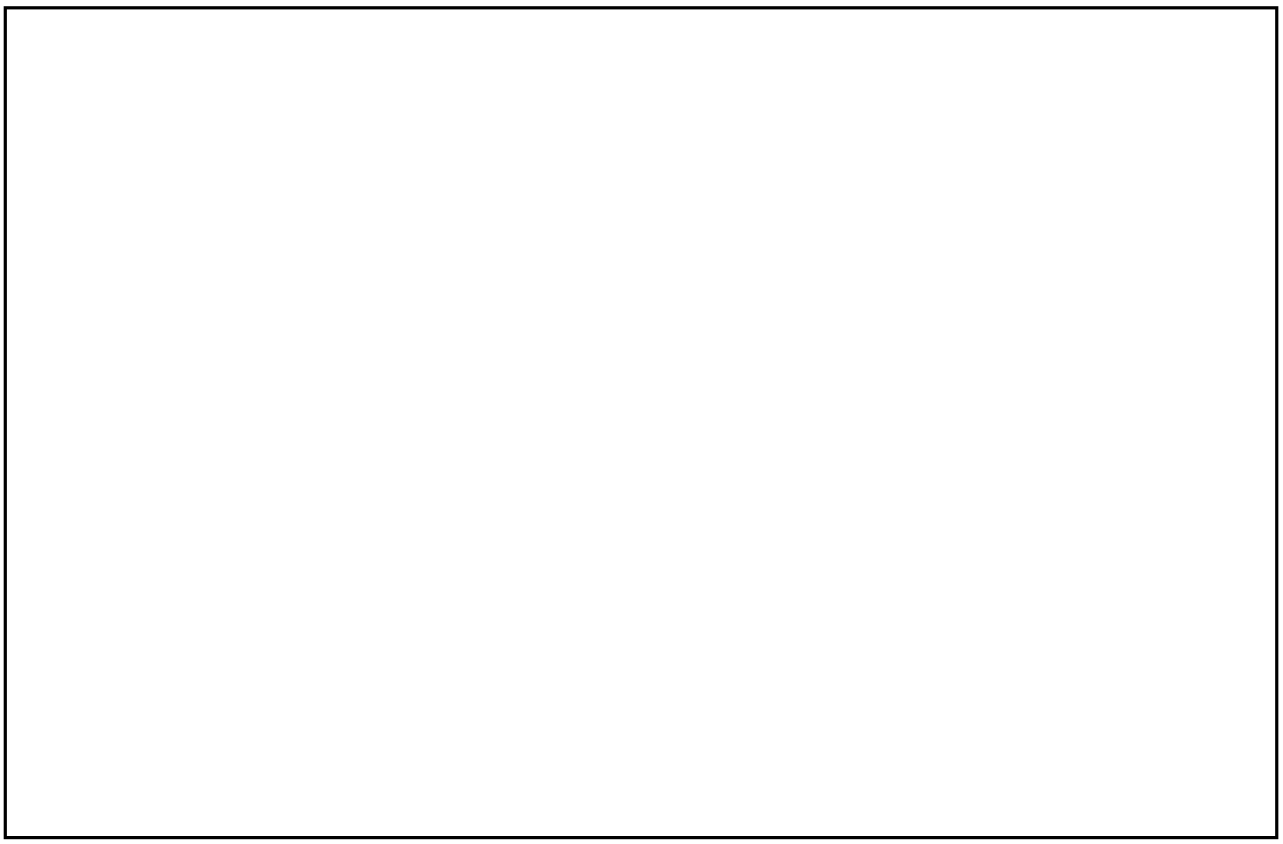

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SWEDEN: No Anti-Neutron Resolution

25X1 *Sweden has decided not to offer in the UN General Assembly a resolution condemning the neutron warhead, despite strong pressure from the parliamentary opposition and widespread public antineutron sentiment.*

25X1 Foreign Minister Soder said in parliament last week that such a resolution would tend to polarize the issue in the UN along lines of existing alliances. She noted, however, the government's opposition to the neutron warhead and suggested that Sweden is concerned that military strategists would not feel the same constraints when deciding to use the neutron warhead as they would for a decision on other nuclear weapons.

25X1 The government decided against the resolution largely in order to avoid offending the US, and the leftist opposition will try to make political capital out of the government's stand. 25X1

BRIEFS

France

25X1 France's governing coalition has failed to profit politically from the disarray in the Left, according to a public opinion poll published yesterday by the conservative *Le Figaro*. The poll shows that 47 percent of the electorate still intends to vote for the center-right--the same percentage of voters that planned to do so prior to the breakdown in the Left's negotiations on 23 September.

25X1 The poll showed the Communists at 21 percent (up one point from a poll in early September), the Socialists and Left Radicals at 26 percent, and the ecologists at 4 percent. It is difficult to measure losses the Socialists and Left Radicals have sustained, because an early September poll that gave them 31 percent of the vote did not allow the voter to express a preference for the ecologists. It is generally assumed that a good portion of the ecologist vote will switch to the Socialists on the second ballot of the two-round election to be held on 12 and 19 March.

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25X1 Some of the ecologist organizations, meanwhile, are reconsidering the nonpartisan stance they have been adopting recently. Realization is growing that by refusing to step down in the second round or to direct their voters to vote for the leftist candidate who is better placed, the ecologists may be helping candidates on the right whom they perceive as the "most
25X1 dangerous" in terms of ecological issues.

Mexico

25X1 Mexican President Lopez Portillo's replacement of his two principal economic cabinet ministers Wednesday night comes just one month before the deadline for completion of the budget. The move is apparently designed to end a debate in the government that has been hampering coordination of economic policy and prompting public speculation about the President's ability to solve national economic problems. The cabinet changes will probably have no major impact on Mexican policy, as the President seems to rely more on private economic advisers Rafael Izquierdo and Jose Antonio Ugarte than on his ministers.

25X1 The new Finance Secretary is David Ibarra, who was the director of Mexico's national development bank and a member of Lopez Portillo's economic cabinet. Ricardo Garcia Sainz, formerly a subsecretary of the National Patrimony and Industrial Development Secretariat, is the new Secretary of Programming and Budget.

25X1 Both men are well qualified. Both are financially conservative, and their appointments could create greater harmony between the two key economic ministries. This would boost the lagging confidence of the private sector in the government's economic policies. 25X1

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25X1 [redacted]

Ghana

25X1 [redacted] The government of Ghana late last month abruptly canceled the inauguration of a political organization that was to have mobilized support for General Acheampong's plans to return the country to civilian rule in 1979.

25X1 [redacted] //The Ghana Patriotic Movement was to have been headed by an old-line leftist politican who had been close to former President Nkrumah. In recent months, Acheampong has rehabilitated Nkrumah and allied himself with the Nkrumahists, hoping to use them to engineer his election as president of a civilian government. The Nkrumahists are factionalized and maneuvering against one another.//

25X1 [redacted] The US Embassy in Accra believes Acheampong may well have concluded that the Nkrumahists--despite their professions of support--were really planning to use the organization to advance their own political fortunes and would eventually dump him. If Acheampong has decided to break with the Nkrumahists, he will have to find some other political group to help him drum up public support for his civilian government proposals,
25X1 which will be subject to a referendum next March. [redacted]

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